

**PITTSBURGH ECONOMIC AND INDUSTRIAL
DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)**

**Financial Statements
And Supplementary Information
December 31, 2023**

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION

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December 31, 2023

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Independent Auditor's Report

To the Board of Directors
Pittsburgh Economic and Industrial Development Corporation
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Pittsburgh Economic and Industrial Development Corporation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pittsburgh Economic and Industrial Development Corporation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pittsburgh Economic and Industrial Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pittsburgh Economic and Industrial Development Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pittsburgh Economic and Industrial Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pittsburgh Economic and Industrial Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Pittsburgh Economic and Industrial Development Corporation's 2022 financial statements, and our report dated March 16, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McLee Maruca & Associates, P.C.

March 18, 2024

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Statements of Financial Position

	December 31, 2023	December 31, 2022
	<u>Assets</u>	
Current assets:		
Cash and cash equivalents	\$ 1,689,011	\$ 1,796,099
Prepaid expenses	3,901	3,812
Total current assets	1,692,912	1,799,911
Other assets:		
Property on lease	-	-
Less accumulated depreciation	-	-
Net property on lease	-	-
Predevelopment costs	136,791	62,100
Total other assets	136,791	62,100
Total assets	\$ 1,829,703	\$ 1,862,011
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable	\$ 13,981	\$ 4,055
Current portion of long-term liabilities	7,750	7,484
Total current liabilities	21,731	11,539
Long-term liabilities:		
PIDA Loan, long-term	212,707	220,457
Total long-term liabilities	212,707	220,457
Total liabilities	234,438	231,996
Net assets:		
Without donor restrictions	1,595,265	1,630,015
With donor restrictions	-	-
Total net assets	1,595,265	1,630,015
Total liabilities and net assets	\$ 1,829,703	\$ 1,862,011

See accompanying notes to the financial statements.

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Statement of Activities

For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues and support:				
Grant revenue	\$ 33,440	\$ -	\$ 33,440	\$ -
Interest income	14,126	-	14,126	827
Gain (Loss) on disposal of assets	-	-	-	(232,328)
Net assets released from restrictions:				
Restrictions satisfied by payments	-	-	-	-
 Total revenues and support	 47,566	 -	 47,566	 (231,501)
 Expenses:				
Program services	-	-	-	-
Management and general	82,316	-	82,316	258,581
 Total operating expenses	 82,316	 -	 82,316	 258,581
 Change in net assets	 (34,750)	 -	 (34,750)	 (490,082)
Net assets at beginning of year	1,630,015	-	1,630,015	2,120,097
Net assets at end of year	\$ 1,595,265	\$ -	\$ 1,595,265	\$ 1,630,015

See accompanying notes to the financial statements.

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Statement of Functional Expenses

For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Program Services Property Development	Management and General	Fundraising	2023 Total	2022 Total
Insurance	-	5,113	-	5,113	5,082
Interest expense	-	7,974	-	7,974	8,236
Administration fee	-	30,000	-	30,000	215,881
Other	-	39,229	-	39,229	29,382
	<u>\$ -</u>	<u>\$ 82,316</u>	<u>\$ -</u>	<u>\$ 82,316</u>	<u>\$ 258,581</u>

See accompanying notes to the financial statements.

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Statements of Cash Flows
For the Years Ended December 31

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (34,750)	\$ (490,082)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Gain) loss on disposal of assets	-	232,328
Changes in operating assets and liabilities:		
Increase in prepaid expenses	(89)	-
Increase (decrease) in accounts payable	9,926	(1,080)
Net cash used by operating activities	<u>(24,913)</u>	<u>(258,834)</u>
Cash flows from investment activities:		
Purchases of predevelopment costs	<u>(74,691)</u>	<u>(33,054)</u>
Net cash used by investing activities	<u>(74,691)</u>	<u>(33,054)</u>
Cash flows from financing activities:		
Principal payments and current maturities of notes payable and long-term liabilities	<u>(7,484)</u>	<u>(7,228)</u>
Net cash used by financing activities	<u>(7,484)</u>	<u>(7,228)</u>
Net increase (decrease) in cash and cash equivalents	(107,088)	(299,116)
Cash and cash equivalents at beginning of year	<u>1,796,099</u>	<u>2,095,215</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,689,011</u></u>	<u><u>\$ 1,796,099</u></u>
Supplemental disclosure:		
Cash paid during the year for interest expense	<u><u>\$ 7,974</u></u>	<u><u>\$ 8,236</u></u>

See accompanying notes to the financial statements.

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Notes to the Financial Statements

December 31, 2023

(1) **Organization**

The Pittsburgh Economic and Industrial Development Corporation (PEIDC), a membership organization, is incorporated under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania, and is an organization described in Internal Revenue Code Section 501(c)(3) and thus exempt from Federal income taxes. Its purpose is to formulate, implement and promote commercial, industrial and other economic development goals, strategies and projects in the City of Pittsburgh and portions of the Mon Valley.

(2) **Summary of Significant Accounting Policies**

(a) **Basis of Presentation**

The financial statements of PEIDC have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require PEIDC to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of PEIDC's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of PEIDC or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Notes to the Financial Statements, continued

December 31, 2023

(2) **Summary of Significant Accounting Policies, continued**

(b) **Measure of operations**

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to PEIDC's ongoing property development and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. There were no nonoperating activities for the year ended December 31, 2023.

(c) **Cash Equivalents**

For purposes of cash flows, Pittsburgh Economic and Industrial Development Corporation considers all unrestricted highly liquid investments with original maturities of 365 days or less to be cash equivalents.

(d) **Fixed Assets**

Fixed assets are capitalized at cost, including interest during construction or the period in which the asset is prepared for its intended use. Depreciation is provided by the straight-line method during the estimated useful life, which range from 15 to 30 years for buildings and improvements. PEIDC's policy is to capitalize acquisitions greater than \$5,000 and expense normal repairs and maintenance as incurred. PEIDC assesses for impairment losses when conditions warrant.

(e) **Development Costs**

Development costs are capitalized and include property acquisition, predevelopment, and construction costs related to various projects. Certain projects may be operating units during the period between acquisition and the commencement of construction activities; however, such projects are not depreciated when construction is expected to begin in less than twelve months from the acquisition date.

(f) **Revenues**

Rental revenues are recorded as earned in accordance with applicable leases.

(g) **Functional Allocation**

All the costs of PEIDC are directly identifiable expenses. There are no expenses related to more than one function or general supporting services of the Organization. Since all costs are direct program expenses and direct management and general expenses there is no functional allocation of costs beyond direct program services and management and general.

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Notes to the Financial Statements, continued

December 31, 2023

(2) **Summary of Significant Accounting Policies, continued**

(h) **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

(i) **Income Taxes**

The Internal Revenue Service has determined that the PEIDC is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The Corporation is not classified as a private foundation. The Financial Accounting Standards Board (FASB) has issued FASB ASC No. 740, which clarifies accounting principles generally accepted in the United States of America for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FASB ASC No. 740 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. PEIDC has evaluated uncertain tax positions in accordance with FASB ASC No. 740 and has determined there is no material impact on PEIDC's financial position or results of operations for the year ended December 31, 2023.

The Organization annually files a Federal Exempt Organization Tax Return (Form 990) as applicable. The filed form is subject to examination by the Internal Revenue Service generally for three years after it is filed.

(j) **Fair Value**

In September, 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards FASB ASC No. 820, "Fair Value Measurements", which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. This pronouncement does not require any new fair value measurements, but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. The carrying value of PEIDC's cash, prepaid expenses, accounts payable and accrued expenses approximates fair value primarily because of the short maturity of these instruments.

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Notes to the Financial Statements, continued

December 31, 2023

(3) **Concentration of Credit Risk**

The PEIDC maintains its cash and certificates of deposit balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The cash account balances at this institution did exceed the federally insured limit at December 31, 2023 by \$1,440,556.

(4) **Net Assets**

Net assets without donor restrictions for the year ended December 31, 2023 is follows:

Undesignated	\$1,575,265
Quasi endowment	<u>20,000</u>
Total	<u>\$1,595,265</u>

The Quasi endowment of \$20,000 has been designated by the Board for a cash flow reserve.

(5) **Notes Payable and Long-Term Liabilities**

PEIDC has the following long-term obligations as of December 31, 2023:

PA Industrial Development Authority

On July 4, 2014 PEIDC entered into an agreement to repay PA Industrial Development Authority (PIDA) \$467,739 relating to borrower R.H. Kuhn's default on PIDA guaranteed loan.

The loan is interest free. Principle payments of \$15,591 are due annually beginning July 2014. A loan discount using a rate of 3.5% has been applied. The loan is reported in the Statement of Financial Position net of unamortized discount of \$91,369 at December 31, 2023.

The discount on the loan is being amortized to interest expense over the life of the loan. Imputed interest expense of \$7,974 was reported in the Accompanying Statement of Activities for the year ending December 31, 2023.

Loan Balance at December 31, 2023	\$311,826
Unamortized discount	<u>(91,369)</u>
Total	<u>\$220,457</u>

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Notes to the Financial Statements, continued

December 31, 2023

(5) **Notes Payable and Long-Term Liabilities – (Cont.)**

Scheduled maturities of long-term liabilities for each of the next five years and thereafter are as follows.

<u>Year</u>	<u>Amount</u>
2024	\$ 7,750
2025	8,026
2026	8,311
2027	8,607
2028	8,913
2029 and thereafter	<u>178,850</u>
Total	<u>\$220,457</u>

(6) **Master Lease**

The PEIDC entered into a nineteen (19) year Master Lease on January 22, 2021, for the former auditorium and gym space at the former Larimer School. The School was historically renovated into apartments by a partnership named Larimer\East Liberty Phase IV, L.P. along with the historical renovation of the exterior of the former auditorium and gym. The PEIDC's intent is to market this space of 8,898 square feet for sub-let as a banquet hall\food preparation area. On February 1, 2023, the exterior renovation was completed and according to the terms of the Master Lease, PEIDC took possession of the space and assumed responsibility for its share of Common Expenses which include taxes, utilities, insurance and general maintenance approximating 13.7% of these total expenses for the building.

The PEIDC entered into a nineteen (19) year Master Lease on July 29, 2021, for street level retail space to be built by Larimer\East Liberty Phase IV, L.P. at 504-514 Larimer Avenue. The retail space is part of a building consisting of two levels of apartments above. The PEIDC's intent is to market this space of 4,800 square feet for sub-let as neighborhood commercial district retail. By the end of the first quarter of 2024, the construction of the shell of the retail space will be completed and according to the terms of the Master Lease, the PEIDC will take possession of the space and assume responsibility for its share of Common Expenses which include taxes, utilities, insurance and general maintenance approximating 9.43% of these total expenses for the building.

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Notes to the Financial Statements, continued

December 31, 2023

(7) **Availability and Liquidity**

The following represents PEIDC's financial assets at December 31, 2023:

Financial assets at year-end	
Cash and cash equivalents	<u>\$1,689,011</u>
Total financial assets	1,689,011
Less amounts not available to be used within one year:	
Net assets with donor restrictions	0
Quasi endowment established by the board	<u>20,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$1,669,011</u>

PEIDC's goal is generally to maintain financial assets to meet 180 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposits.

(8) **Subsequent Events**

Subsequent events were evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued. No subsequent events were noted, except for as noted in footnote #6, at the end of the first quarter of 2024, PEIDC took possession of the space of the master lease of Larimer Avenue and assumed responsibility for its share of the common expenses. Additionally, PEIDC is in the process of finalizing a lease agreement with a tenant for the interior space. Construction of the tenant fit should begin in the second quarter of 2024.

SUPPLEMENTARY INFORMATION



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Independent Auditor's Report On Supplementary Information

To the Board of Directors
Pittsburgh Economic and Industrial Development Corporation
Pittsburgh, Pennsylvania

We have audited the financial statements of Pittsburgh Economic and Industrial Development Corporation as of and for the year ended December 31, 2023, and have issued our report thereon dated March 18, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying statements and schedules on pages 15 through 16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McGee Maruca & Associates, P.C.

March 18, 2024

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Schedule of Financial Position by Project

December 31, 2023

PEIDC
Management
and Operations

	Management and General	Larimer School	Larimer Avenue	Totals
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 1,689,011	\$ -	\$ -	\$ 1,689,011
Receivables (no allowance for doubtful accounts deemed necessary)	-	-	-	-
Prepaid expenses	3,901	-	-	3,901
Due from other funds	96,483	-	-	96,483
Total current assets	<u>1,789,395</u>	<u>-</u>	<u>-</u>	<u>1,789,395</u>
Other assets:				
Property on lease	-	-	-	-
Less accumulated depreciation	-	-	-	-
Net property on lease	-	-	-	-
Predevelopment costs	-	77,628	59,163	136,791
Total other assets	<u>-</u>	<u>77,628</u>	<u>59,163</u>	<u>136,791</u>
Total assets	<u>\$ 1,789,395</u>	<u>\$ 77,628</u>	<u>\$ 59,163</u>	<u>\$ 1,926,186</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	\$ 7,113	\$ 6,868	\$ -	\$ 13,981
Due to other funds	-	54,040	42,443	96,483
Current portion of long-term liabilities	7,750	-	-	7,750
Total current liabilities	<u>14,863</u>	<u>60,908</u>	<u>42,443</u>	<u>118,214</u>
Long-term liabilities:				
PIDA Loan	212,707	-	-	212,707
Total long-term liabilities	<u>212,707</u>	<u>-</u>	<u>-</u>	<u>212,707</u>
Total liabilities	<u>227,570</u>	<u>60,908</u>	<u>42,443</u>	<u>330,921</u>
Net assets:				
Without donor restrictions	1,561,825	16,720	16,720	1,595,265
With donor restrictions	-	-	-	-
Total net assets	<u>1,561,825</u>	<u>16,720</u>	<u>16,720</u>	<u>1,595,265</u>
Total liabilities and net assets	<u>\$ 1,789,395</u>	<u>\$ 77,628</u>	<u>\$ 59,163</u>	<u>\$ 1,926,186</u>

PITTSBURGH ECONOMIC AND INDUSTRIAL DEVELOPMENT CORPORATION
(A NONPROFIT CORPORATION)

Schedule of Activities by Project

For the Year Ended December 31, 2023

	PEIDC Management and Operations	PEIDC Development Projects	
	Management and General	Larimer School	Larimer Avenue
			Totals
Revenues and support:			
Grant revenue	\$ -	\$ 16,720	\$ 16,720
Interest income	14,126	-	14,126
	14,126	16,720	47,566
Total revenues and support			
Expenses:			
Insurance	5,113	-	5,113
Administration fee	30,000	-	30,000
Interest expense	7,974	-	7,974
Other	39,229	-	39,229
	82,316	-	82,316
Total expenses			
Interfund transfer	-	-	-
Change in net assets	(68,190)	16,720	(34,750)
Net assets at beginning of year	1,630,015	-	1,630,015
Net assets at end of year	\$ 1,561,825	\$ 16,720	\$ 1,595,265